LIBRARY
SUPREME COURT, U. S.

Supreme Court, U. S.
FILED
APR 2 1974
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-1467

THE AMERICAN BASKETBALL ASSOCIATION,

Petitioner,

—against—

AMF VOIT, INC. and AMF, INCORPORATED,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

ALFRED MUSUMECI
Attorney for Petitioner
521 Fifth Avenue
New York, New York 10017

Of Counsel

REGAN GOLDFARB HELLER WETZLER
& QUINN
445 Park Avenue
New York, New York 10022

TABLE OF CONTENTS

	PAGE
Opinions Below	1
Jurisdiction	2
Questions Presented	2
Statute Involved	3
Statement of the Case	3
Reasons for Granting the Writ	6
I. Inherent Distinctiveness Which Is a Fundamental Requirement for Trademark Validity Remains Undefined in the Law and It Is Essential That This Court Establish Guidelines	6
II. Certiorari Should Be Granted Because the Decisions of the Lower Courts Conflict With Decisions of This Court	9
III. This Court Should Clarify the Confused and Contradictory State of the Law Relating to the Requirement That a Claimant Must Qualify as a Source in Order to Obtain Trademark Protection Under the Secondary Meaning Doctrine	11
Conclusion	13
Appendix A—Judgment of the Court of Appeals	A-1
Appendix B—Opinion of the District Court	A-2

PAGE

Appendix C—Order of the Court of Appeals Denying Rehearing A-9

Appendix D—Statute Involved A-10

TABLE OF AUTHORITIES

Cases:

A. Leschen & Sons Rope Company v. *Broderick & Bascom Rope Company*, 201 U.S. 166 (1906) 6, 9, 10

The Barbasol Co. v. *Jacobs*, 160 F. 2d 336 (7th Cir. 1947) 6, 8, 10

In re Burgess Battery Co., 112 F. 2d 820 (CCPA 1940) 7

Campbell Soup Co. v. *Armour & Co.*, 175 F. 2d 795 (3rd Cir. 1949) 7

Continental Motors Corp. v. *Continental Aviation Corp.*, 375 F. 2d 857 (5th Cir. 1967) 11, 12

In re Esso Standard Oil Co., 279 F. 2d 526 (CCPA 1960) 8

In re General Tire and Rubber Co., 404 F. 2d 1396 (CCPA 1969) 7

In re Hehr Mfg. Co., 223 F. 2d 950 (CCPA 1955) 8

Hygienic Products Co. v. *Coe*, 85 F. 2d 264 (D.C. Cir. 1936) 6, 8

James Heddon's Sons v. *Millsite Steel & Wire Works*, 128 F. 2d 6 (6th Cir. 1942) 7

PAGE

Life Savers Corp. v. *Curtiss Candy Co.*, 182 F. 2d 4 (7th Cir. 1950) 7

In re McElhenny Co., 278 F. 2d 953 (CCPA 1940) 6, 7
Mishawaka Rubber & Woolen Mfg. Co. v. *S. S. Kresge Co.*, 119 F. 2d 316 (6th Cir. 1941) 6, 9, 10

Polaroid Corp. v. *Polaraid, Inc.*, 319 F. 2d 830 (7th Cir. 1963) 12

Safeway Stores, Inc. v. *Safeway Properties, Inc.*, 307 F. 2d 495 (2d Cir. 1962) 12
In re Swift & Co., 223 F. 2d 950 (CCPA 1955) 7, 8

In re Todd Co., Inc., 290 F. 2d 597 (CCPA 1961) 7, 8

Wyatt Earp Enterprises, Inc. v. *Sackman, Inc.*, 157 F. Supp. 621 (S.D.N.Y. 1958) 12

Yale Electric Corp. v. *Robertson*, 26 F. 2d 972 (2d Cir. 1928) 12

Statutes:

Federal Rules of Civil Procedure
Rule 65 (28 U.S.C. Rule 65) 3

Trademark Act of 1946 (Lanham Act)
§2 (15 U.S.C. §1052) 2, 3, 6, 7, 8
§43(a) (15 U.S.C. 1125(a)) 3

28 U.S.C. §1254(1) 2

In the

Supreme Court of the United States

October Term, 1973

No. .....

The American Basketball Association,

Petitioner,

—against—

AMF Voit, Inc. and AMF, Incorporated,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner, American Basketball Association (hereinafter "ABA"), requests that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Second Circuit entered in the above entitled case on February 4, 1974.

Opinions Below

On December 18, 1973, the United States Court of Appeals for the Second Circuit affirmed without opinion the judgment of the United States District Court for the Southern District of New York in favor of the Respondents AMF Voit, Inc. and AMF, Incorporated, the parent corporation (hereinafter referred to jointly as "AMF"). The Court of Appeals affirmance which has not yet been

officially reported is reprinted as Appendix A hereto. The opinion of the District Court is reported at 358 F. Supp. 981 (S.D.N.Y. 1973) and is reprinted as Appendix B hereto.

Jurisdiction

A petition for rehearing was timely filed by the ABA on December 28, 1973. The Order of the Court of Appeals for the Second Circuit denying rehearing was entered on January 4, 1974 and is reprinted as Appendix C hereto. 28 U.S.C. §1254(1) confers jurisdiction on this Court to review the judgment below by writ of certiorari.

Questions Presented

1. Was the proper standard for determining inherent distinctiveness of a trademark or service mark under Section 2 of the Lanham Act and under the common law applied by the lower courts in holding that the mark of the ABA is invalid?

2. Was the proper standard for determining whether a trademark or service mark has acquired secondary meaning under Section 2(f) of the Lanham Act and under the common law applied by the lower courts in holding that the mark of the ABA is invalid?

3. Did AMF satisfy its burden of proving that the ABA had abandoned its trademark and service mark in failing to exercise adequate quality control over goods sold by licensees of the ABA?

4. Does the sale of basketballs bearing the ABA mark and the word "Official" and/or the use of designations such

as "ABA Type" in connection with the advertising, promotion and sale of such basketballs by AMF constitute unfair competition?

Statute Involved

The statutory provisions involved are the following portions of Section 2 of the Trademark Act of 1946 (Lanham Act), 15 U.S.C. §1052:

> "No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature . . .
>
> . . .
>
> (f) Except as expressly excluded in paragraphs (a)-(d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce."

The complete text of Section 2 of the Lanham Act, 15 U.S.C. §1052, is reprinted in Appendix D hereto.

Statement of the Case

The ABA, a professional basketball league, instituted an action for damages and injunctive relief against AMF on common law and Lanham Act grounds alleging trademark and service mark infringement and unfair competition. Federal jurisdiction in the District Court was based upon Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a). and the doctrine of pendent jurisdiction. After a trial on the merits pursuant to Rule 65 of the Federal Rules of Civil Procedure, the District Court granted judgment for AMF and dismissed the ABA complaint. The Court of Appeals affirmed the decision without opinion.

At the time of its organization in 1967, the ABA designed, adopted and commenced use of a color pattern consisting of red, white and blue panels arranged in a specific spherical configuration. Since then, this color pattern has been continuously used by the ABA as its trademark and service mark (hereinafter sometimes referred to as the "mark"). This singular color pattern was selected from a wide range of colors and from a vast number of permutations and combinations of the arrangement of the colors red, white and blue upon a basketball to specifically identify the ABA and to distinguish the ABA from other service and sales organizations such as the National Basketball Association and sellers of promotional merchandise. The mark was primarily utilized by applying it to the surface of basketballs although other ABA merchandise and ABA stationery also bear the mark. When adopted in 1967, the mark constituted a radical departure from anything which was in general use at the time in the area of sporting goods or related activities. Of particular uniqueness was the application of the mark to basketballs because prior to such use by the ABA, multi-colored patterns on any type of athletic ball was virtually unknown. As the District Court found (Appendix B, p. A-3), basketballs had traditionally been brown or tan. Accordingly, the mark constituted a distinctive and very specific application of a color design upon a basketball.

Only basketballs bearing the mark have been used by the ABA in public exhibitions and in games by and between ABA teams. These ABA games and the mark have been seen by thousands of spectators and viewed by millions of persons on local, regional and national television. In addition, since 1967, the ABA and the mark have been the sub-

ject of continuous and widespread publicity in newspapers and in magazines such as *Sports Illustrated,* wherein, as the District Court found (Appendix B, p. A-3), the red, white and blue basketball was prominently displayed. Accordingly, a strong public identification between the mark and the ABA has been generated. As a result, mere display of the mark on or in connection with a product or service has come to connote or indicate a relationship to the ABA.

Three years after the ABA first adopted the mark, AMF, which had long been a leading manufacturer of basketballs and other sporting goods, commenced use of the ABA mark. In addition to AMF, virtually every leading manufacturer of basketballs commenced production and sale of basketballs bearing the mark. These attempts to trade upon the recognition and good will which the ABA had developed in the mark were perpetrated with simultaneous widespread advertising, by AMF and others, of basketballs as "ABA type", "ABA style", and even as "ABA basketballs". In many cases, these basketballs are brazenly promoted as "Official". (Appendix B, p. A-7).

REASONS FOR GRANTING THE WRIT

I

Inherent Distinctiveness Which Is a Fundamental Requirement for Trademark Validity Remains Undefined in the Law and It Is Essential That This Court Establish Guidelines.

The preamble to Section 2 of the Lanham Act recites the fundamental principle that "no trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration . . ." This language codifies the long-standing common law requirement that a symbol must be inherently distinctive in order to qualify for trademark protection. Despite the fundamental nature of this requirement, there is no comprehensive statement in the law which defines the requirement or which offers a predictable basis for its determination. Under existing case law, it is impossible to ascertain with any degree of certainty the elements, characteristics or circumstances of a particular mark which give rise to inherent distinctiveness. Despite the existence of numerous cases which have decided whether specific marks were or were not inherently distinctive, none has expressly set forth rational criteria for ascertaining the nature of the inherent distinctiveness requirement. See *A. Leschen & Sons Rope Company* v. *Broderick & Bascom Rope Company*, 201 U.S. 166 (1906); *The Barbasol Co.* v. *Jacobs*, 160 F. 2d 336 (7th Cir. 1947); *Mishawaka Rubber & Woolen Mfg. Co.* v. *S. S. Kresge Co.*, 119 F. 2d 316 (6th Cir. 1941), rev'd on other grounds, 316 U.S. 203 (1942); *Hygienic Products Co.* v. *Coe*, 85 F. 2d 264 (D.C. Cir. 1936); *In re McElhenny Co.*, 278 F. 2d 953

(CCPA 1960); *In re Burgess Battery Co.*, 112 F. 2d 820 (CCPA 1940); *In re Swift & Co.*, 223 F. 2d 950 (CCPA 1955); *In re General Tire and Rubber Co.*, 404 F. 2d 1396 (CCPA 1969); *James Heddon's Sons* v. *Millsite Steel & Wire Works*, 128 F. 2d 6 (6th Cir. 1942); *Life Savers Corp.* v. *Curtiss Candy Co.*, 182 F. 2d 4 (7th Cir. 1950); *In re Todd Co., Inc.*, 290 F. 2d 597 (CCPA 1961); *Campbell Soup Co.* v. *Armour & Co.*, 175 F. 2d 795 (3d Cir. 1949).

The Courts in the aforecited cases, as well as the lower courts at bar, have merely relied solely upon unreasoned visual or subjective reactions without articulating any rationale as to why the mark was or was not inherently distinctive. Only in *In re McElhenny Co., supra,* and *In re General Tire and Rubber Co., supra,* was some attempt made to provide such a rationale, but these cases, at best, merely indicate a few specific negative factors rendering the respective marks *not* distinctive. They do not provide, in a positive sense, guidelines for determining when a mark *is* distinctive.

Section 2 of the Lanham Act is the cornerstone upon which the trademark law of the United States is founded. The absence of definitive guidelines with respect to so fundamental a requirement as inherent distinctiveness leaves the courts, businesses, the Patent Office and the trademark bar to flounder in a sea of uncertainty in the selection and evaluation of trade indicia. Because no rational criteria exist, substantial and otherwise unnecessary amounts of time and money are expended in the development of marks ultimately held invalid.

The sharp inconsistencies which this void has created can, perhaps, be best highlighted by comparing the decision below with the practice currently followed by the U.S.

Patent Office. The Patent Office published the ABA trademark (Official Gazette of February 22, 1972) and ruled that the mark is distinctive within the meaning of Section 2 of the Lanham Act. Furthermore, a study of the Patent Office records reveals that hundreds of color design trademarks similar to the ABA mark are consistently published and registered every year.

Moreover, the decision below is in sharp conflict with those of other circuits where a different rule of law is applied. Clearly, a mark such as that at bar would be considered distinctive in the Court of Customs and Patent Appeals (See *In re Esso Standard Oil Co.*, 305 F.2d 495 (CCPA 1962); *In re Todd Co., Inc.*, 290 F.2d 597 (CCPA 1961); *In re Hehr Mfg. Co.*, 279 F.2d 526 (CCPA 1960); *In re Swift & Co.*, 223 F.2d 950 (CCPA 1955), in the Seventh Circuit (See *The Barbasol Co.* v. *Jacobs*, 160 F.2d 336 (7th Cir. 1947)) and in the Court of Appeals for the District of Columbia (See *Hygienic Products Co.* v. *Coe*, 85 F.2d 264 (D.C. Cir. 1936)).

The questions presented by the case at bar are of great significance since they affect, in a fundamental way, the entire body of trademark law. There are compelling reasons why definitive guidelines in the application and interpretation of Section 2 of the Lanham Act must now be marked by this Court.

The ABA has exerted great effort to develop public recognition of its trademark. Television coverage and other media exposure have been assiduously promoted. So diligent have been the ABA's efforts that the color pattern of the instant trademark is today one of the most widely recognized symbols in the country, ranking in importance and familiarity with some of the most valuable trademarks in existence. Indeed, it is among the most valuable and

important assets of the ABA. Certainly, the importance of the mark is underscored by the fact that virtually every manufacturer of basketballs today makes basketballs bearing the ABA mark and approximately one half of all basketballs sold in the United States display the mark. Indeed, AMF's annual profit from the sale of basketballs bearing the mark is about $200,000. Thus, the outcome of the instant litigation will unquestionably have a substantial affect upon the entire sporting goods industry and upon professional basketball.

Clearly, a mark of such enormous value and importance should not be declared invalid without some rational basis for such a conclusion, which the lower courts failed to provide. Accordingly, the issues presented involve questions of far-reaching public significance relating to the interpretation of the Lanham Act and therefore, the writ should be granted.

II

Certiorari Should Be Granted Because the Decisions of the Lower Courts Conflict With Prior Decisions of This Court.

In *A. Leschen & Sons Rope Company* v. *Broderick & Bascom Rope Company,* 201 U.S. 166, 171 (1906) this Court held that color may constitute a valid trademark, provided it is impressed in a particular design, such "as a circle, square, triangle, a cross, or a star".

Mishawaka Rubber & Woolen Mfg. Co. v. *Kresge Co.,* 316 U.S. 203 (1942), involved a trademark consisting of a red circular plug imbedded in the center of the rubber heel of a shoe. Commenting upon the *Mishawaka* case, the Seventh Circuit Court of Appeals stated:

> "While the question as to the validity of the trademark was not considered by the Supreme Court, the fact that it took the case and announced a rule for the measurement of damages would seem to be some indication that the court considered the trademark as valid." *The Barbasol Co.* v. *Jacobs,* 160 F. 2d 336, 338 (7th Cir. 1947).

The instant trademark constitutes color impressed in a particular pattern or design. While the design is not identical with those specifically enumerated by this Court in the *Leschen Rope* case, it clearly constitutes color impressed in a particular design and therefore falls within the *Leschen Rope* criteria. There is no basis for distinguishing the present case from *Leschen Rope,* and incredibly, neither the opinion in *Leschen Rope* nor in *Mishawaka* are even mentioned in the District Court's opinion. These opinions have not only been contravened, they have been ignored.

Thus, the writ should be granted in order to compel the Second Circuit Court of Appeals to follow this Court's decisions in *Leschen Rope* and *Mishawaka.*

III

This Court Should Clarify the Confused and Contradictory State of the Law Relating to the Requirement That a Claimant Must Qualify as a Source in Order to Obtain Trademark Protection Under the Secondary Meaning Doctrine.

After holding the ABA mark not inherently distinctive, the lower courts further ruled that the mark had not acquired secondary meaning because the ABA did not "hold itself out to be the source of red, white and blue basketballs." (Appendix B, p. A-8). The lower courts made this ruling despite uncontroverted evidence that the ABA had been for many years a direct seller to the public, and in the face of an overwhelming body of evidence showing widespread national recognition of the mark as denoting the ABA. Such blatant error underscores the lack of any comprehensible definition in the law of the requirement that a claimant must qualify as a "source" in the context of the secondary meaning doctrine.

In the opinion below, no explanation is provided for the holding that the ABA is not a source, although *Continental Motors Corp.* v. *Continental Aviation Corp.*, 375 F. 2d 857 (5th Cir. 1967) is cited for the proposition that secondary meaning requires identification of the trademark with the source such that "an ordinary man would immediately associate the goods with their source." (Appendix B, p. A-7). However, this language and the interpretation of *Continental* by the lower courts, requiring that purchasers must

know the specific identity of the source, clearly contradict much existing law. It is self-evident that few purchasers are even remotely aware of the actual source of goods sold under many world-famous trademarks. Few housewives know the manufacturer or source of LUX soap, LIPTON tea or KENT cigarettes.

The confusion regarding the source requirement is heightened when *Continental Motors, supra,* and the opinion of the lower courts are compared with cases such as *Wyatt Earp Enterprises, Inc.* v. *Sackman, Inc.,* 157 F. Supp. 621 (S.D.N.Y. 1958), which held that a mere sponsor or licensor of goods may qualify as a source, or with *Safeway Stores, Inc.* v. *Safeway Properties, Inc.,* 307 F. 2d 495 (2d Cir. 1962), which held that the rights of a trademark owner may be extended into related fields and may be applied to goods never actually made or sold by the owner. See also *Polaroid Corp.* v. *Polaraid, Inc.,* 319 F. 2d 830 (7th Cir. 1963) and *Yale Electric Corp.* v. *Robertson,* 26 F. 2d 972 (2d Cir. 1928).

Furthermore, the courts have applied the source requirement without differentiation when dealing with secondary meaning within the context of the law of unfair competition or palming off as contrasted with the law of trademarks despite the fact that essential differences exist in the elemental principles giving rise to these different causes of action. Under the palming off doctrine of unfair competition, it is required that the goods of one be falsely sold as the goods of another. Thus, the identity of the party falsely represented as the source would, to some extent, need to be known to the purchaser.

Under trademark law, a basically different principle is involved and it is clearly not necessary for trademark infringement that the goods of one be palmed off as the goods of another. Thus, it is important that some distinction be drawn between the source requirement applied under the law of trademarks and that applied under the law of unfair competition or palming off.

In the absence of a definitive statement from this Court regarding the meaning of the source requirement, it will remain impossible to predict with any degree of certainty the directions which various lower courts will take. There already exists a wide diversity of opinion on this very important issue and certiorari should be granted to provide some cohesion to the morass which exists.

CONCLUSION

The area of trademarks and unfair competition has for too long gone undirected by this Court. This has resulted in widely conflicting decisions and in a lack of predictability with regard to the fundamental principles to be applied in this important area of commerce. The Lanham Act is one of our more important federal statutes, yet it remains insufficiently clarified and inadequately interpreted. Meaningful standards for the inherent distinctiveness and secondary meaning requirements of the Lanham Act have not been reflected in the decisions of some of our ablest judges. Thus, it has become imperative for this Court to direct its attention to this area of the law and to resolve the uncertainties which exist. It is earnestly submitted that the case at bar presents an important opportunity for the

establishment of necessary criteria with respect to fundamental aspects of the Lanham Act. Accordingly, it is urged that a writ of certiorari should issue to review the judgment herein of the Court of Appeals for the Second Circuit.

Respectfully submitted,

ALFRED MUSUMECI
Attorney for Petitioner
521 Fifth Avenue
New York, New York 10017

Of Counsel

REGAN GOLDFARB HELLER WETZLER
& QUINN
445 Park Avenue
New York, New York 10022